

SCR

20



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
 REGION 10
 1200 Sixth Avenue
 Seattle, Washington 98101

REPLY TO
 ATTN OF:

WD-128

FEB 17 1994

Mr. Jamie Parsons, Mayor
 City and Borough of Juneau
 155 South Seward Street
 Juneau, Alaska 99801

Dear Mayor Parsons:

Post-It™ brand fax transmittal memo 7671		# of pages ▶ 3
To SPN. MILLER	From LAURIE CRAIG	
Co. Re: SCP 20	Co. Alaska for Juneau	
Dept.	Phone # 489-2768	
Fax #	Fax #	

I would like to thank you for your letter of January 24, 1994, expressing your concerns regarding the Technical Assistance Reports (TARs) for the AJ and Kensington projects.

My staff and I are very aware of the weight these reports will carry with respect to federal and state permitting for these two mines. We are also aware that many people feel, as do you, that these reports could have been completed earlier. I want to assure you that Region 10 staff have been working diligently to complete the TARs as quickly as possible. However, we have an obligation to protect public health and the environment. Mining projects such as these can have substantial negative impacts. We cannot support the projects going forward unless we determine that they fully meet the requirements of the Clean Water Act.

The technical issues associated with these projects are very complex. As our review has unfolded, new information and analyses have been required to assure that the reports will reflect as accurately as possible the impacts the mines will have on water quality and the environment. This has required significant additional work on the part of both the Environmental Protection Agency (EPA) and the project proponents.

I would like to briefly review some of the major issues before us:

A fundamental question the TARs are addressing is whether or not there is reasonable assurance that the proposed tailings impoundments will provide adequate treatment of the tailings discharges. Adequate treatment means that the discharge from each impoundment will meet both the applicable federal effluent guidelines and the State of Alaska water quality standards. The Environmental Impact Statements (EISs) prepared for the AJ and Kensington projects indicated that neither project would meet all of the applicable standards, as discussed below.

- In the case of AJ, the Final EIS predicted that the effluent from the tailings impoundment would exceed effluent standards for Total Suspended Solids (TSS) by up to five times the allowable limit. These limits must be met at the point of discharge and cannot, under the law, be met by using mixing zones for dilution.

Because we had fundamental technical concerns with the overall modeling approach used in the EIS, we have applied our own water quality modeling approach for the TAR, beginning with simplistic, worst-case assumptions. Through discussions with Echo Bay, their consultants and independent experts, we have now modified our modeling approach to provide more realistic, but more time consuming, simulations of actual conditions. We are currently awaiting additional data from Echo Bay in order to complete the modeling. To this date, however, water quality modeling efforts have not demonstrated that the discharge from the impoundment would meet all federal effluent limits and state water quality standards.

- The Kensington project's Final EIS (FEIS), released in February 1992, indicated that the anticipated discharge was likely to meet effluent limits and water quality standards in effect at that time. However, when EPA adopted the Toxics Rule in December of 1992, the same EIS predictions indicated that the arsenic concentration in the effluent would be well above the human health criteria for arsenic established by that regulation. We brought this matter to the attention of the Kensington Joint Venture (KJV) early last summer. The KJV indicated that the main reason for the predicted high levels of arsenic was the high detection limit that had been used in previous analyses. The KJV agreed to rerun tests of the ore and surface waters using lower detection limits for arsenic.

In October of 1993, the KJV submitted the new test results, with little explanation of the methods applied in their analysis. At our request, the KJV supplemented this submittal with additional information in November and December of 1993. In our subsequent review of the "mass balance" model applied by the KJV to predict the new arsenic level, as well as levels of other pollutants, we discovered that the model fails to account for nearly all of the suspended solids expected to be generated. The enclosed letter dated January 21, 1994, elaborates on these and other water quality issues relating to the Kensington project. The response to this letter, received on February 16, 1994, is now under review.

Questions regarding the long-term risk associated with the disposal of millions of tons of mine tailings are still in question. The proposal to leave the impoundment in place as a reservoir with no active reclamation after mining

ceases is unprecedented. EPA has determined that, after its use as a treatment system, the reservoir must meet water quality standards and support a healthy aquatic community in the long term. Our analysis of long-term effects is still in progress and will rely in part on results of the water quality modeling described above. We are not yet in a position to say whether the long-term risks are acceptable.

Many other complex issues are being addressed in the TARs. I trust, however, that the issues described above are sufficient to explain the perceived delay with respect to completing these reports. We remain in constant contact with the project proponents and have relied heavily on their consultants to provide us with the technical information required to complete our analyses. The need for additional information from the proponents and the need for clarification of analyses provided by the proponents has added significantly to the time required to complete these reports.

Again, thank you for your concern and interest in these important matters. I want to assure you and the citizens of Juneau that we are dedicated to completing our thorough and complete analysis as quickly as possible.

I look forward to meeting with you personally and discussing these issues in more detail. If you have any questions regarding this letter, please contact me at (206) 553-1793 or your staff may contact William Riley at (206) 553-1412.

Sincerely,



Charles E. Findley
Director, Water Division

Enclosure

cc: Corps of Engineers
ADEC
Echo Bay Alaska
Coeur Alaska

Deborah L. Craig
P.O. Box 20578
Juneau, Ak 99802

Senator Mike Miller, Chair
State Capitol Room 423
Juneau, Ak 99801-1182

April 14, 1994

Dear Senator Miller, Chair ;

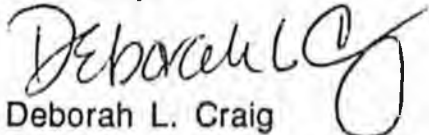
I find it extremely disturbing that the Alaska State Legislature is considering a resolution (Senate Resolution Number 20) supporting the reopening and development of the Alaska - Juneau Mine. I urge you to reconsider this position.

Many people in Juneau, possibly the majority, do not support the reopening of the mine. The mine may represent a step toward reducing independence on government employment in Juneau, but it is a small step indeed. The mine promises to employ relatively few Juneauites (please reference the EIS regarding socioeconomic considerations) and even fewer will gain economically from spin off revenue. What the mine also promises to do is to feasibly compromise the health of the people of Juneau. The Environmental Protection Agency recently had to issue a *cease and desist order* to Echo Bay to protect the drinking water of our community.

The community of Juneau has made a strong statement about it's unwillingness to be railroaded into this project and most public hearings have been overwhelmingly unsupportive of the reopening of the A-J.

I strongly urge you to decline to support Senate Resolution Number 20.

Sincerely,


Deborah L. Craig

April 18, 1994

To: Senators Miller, Sharp, Leman, Donley, Adams, Zharoff, Pearce, and Frank

Re: SCR 20

From: Caryl Boehnert
1114 Slim Williams Way
Juneau, AK, 99801

I am a property owner in Juneau and very familiar with the AJ Mine dispute. I find it humorously insulting to hear that Robin Taylor fancies himself from Juneau, and thereby introduces this type of legislation, which mis-states facts in addition being naive regarding health hazards.

I have a Ph.D. in a research science. Echo Bay recently came darned close to ruining the City's only water supply in their "exploration" process: EPA had to come out with a CEASE AND DESIST order, although EB Mines still denies any culpability in the discoloration of Gold Creek or in the recent fish kill. Let's not be naive -- we are talking big money and big pollution and big human health risk when we are talking this mine.

I am disturbed that Senator Taylor would characterize the mine as something "the majority of citizens" favor. This is certainly not according to several polls conducted through the years in Juneau. It is also not the case if you look at the number of citizens speaking up about their strong views against what this mine would do to the socioeconomics as well as the health and environment of the town. But since Mr. Taylor isn't a Juneau citizen, so isn't around, maybe he doesn't know these things.

One thing I think the majority of citizens agree on, is that Mr. Taylor doesn't represent us, and we don't want this resolution. Please veto the thing and let's get on with real life.

Message to Legislative Information Office to be forwarded.

TO: Senators Miller, Frank, Pearce, Zharoff, Adams, & Donley
FROM: Richard J. Larson *RJL*
Date: 4/18/94
Subject: SCR 20

I cannot even imagine that this legislature, considering the budget nightmare that this state is just beginning to be in, would not unanimously approve and show support for the A-J Mine Project. Certainly we all want it done environmentally safe. The bottom line is that we must support this industry development. With the unemployment rate in Southeast Alaska at 9.2% even before the Forest Service APC Contract Cancellation, we need these jobs!!!! Those who oppose the project may also be finding out their comfortable state job may be at risk with the economic state. Certainly the Resource Committee should, above all others, encourage their fellow legislators to support this resolution.

forgot my address:

P.O. Box 34238

Juneau, AK 99803

Phone 463-4636



ALASKANS FOR JUNEAU

Dedicated to Clean, Healthy Economic Diversity in the Capital City

April 18, 1994

The Honorable Mike Miller, Chairman
Senate Resources Committee
Alaska State Senate
Alaska State Capitol
Juneau, Alaska 99801-1182

Mr. Chairman and Members of the Senate Resources Committee:

On behalf of the several hundred members of our non-profit community group, I would like to respectfully oppose SCR 20, a resolution endorsing the reopening of the A-J Mine in Juneau.

The proposed re-opening of the mine has been one of the most controversial issues Juneau has ever experienced, and it has divided the community in many ways. However, despite the differences of opinion, citizens on both sides of the issue have participated conscientiously throughout the evaluation process, which is still continuing.

We urge you to allow the on-going project evaluation to proceed without the interjection of political endorsements or rejections. To do either would be premature and could possibly create an unfair bias to either promote or deny the upcoming permits.

It is premature for the Legislature to endorse or reject the A-J mine at this time. All permits are awaiting additional information that will be supplied in a technical assistance report (TAR) being prepared by the Environmental Protection Agency (EPA) in Seattle. Among other things, the TAR will assess the ability of the tailings pond effluent to meet water quality standards. Both the Final Environmental Impact Statement (released in May, 1992) and EPA modeling estimates have predicted that the mine's wastewater cannot comply with water quality limits, in fact, the water quality is five times worse than the legally allowable limit. (Please see attached letter from EPA to Juneau Mayor Jamie Parsons, dated February 17, 1994). Water quality is a very important issue to Alaska's fishermen and subsistence users, in particular.

Other permits are also "on hold." The state halted its consistency review eight months ago to wait for more information in order to evaluate the project for state permitting; there has not been a resumption of the process yet. The City and Borough of Juneau approved a limited permit nearly a year ago, but Echo Bay has neither accepted the permit or agreed to its conditions, nor paid the required \$1.9 million financial warranty, so that permit is not in effect.

But, perhaps most important of all, the mine is presently operating under extremely tight restrictions of the EPA's amended cease-and-desist order. On March 25, the EPA halted all activity at the A-J to protect Juneau's drinking water system from the potential discharge of pollutants from a drainage tunnel that directs underground mine drainage water into Gold Creek. The flow from the mine combines with the creek water to recharge the aquifer which presently provides Juneau's only drinking water source. The mine water discharges

into the creek a few hundred yards upstream of the city's five shallow wells.

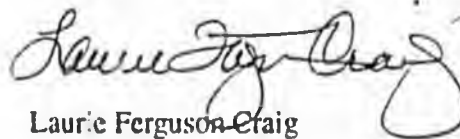
On March 2, a milky discharge occurred in Gold Creek which was followed within hours by the deaths of several hundred Dolly Varden. The FBI, State Troopers, EPA investigators and others are researching the cause of the two incidents. Results from water samples and fish tissue may be available by the end of this week. Although the evidence is not conclusive at this time, there may be a connection between the mine drainage and the discharge. This on-going investigation is another reason to not interject political positions into the A-J Mine discussion at this time.

EPA's enforcement action was taken to prevent a discharge of mine contaminants from violating water quality standards during a proposed cleanup of 50 year-old mine sediments. Once Echo Bay provided EPA with adequate cleanup plans, the order was amended to allow only the cleanup procedure to take place. The flushing of mine waste into an underground cavern is occurring now, with state and mining company monitoring devices located on-site. EPA's enforcement action has allowed only the cleanup to go forward, and all future exploration plans must be approved by EPA under the amended order.

We believe strongly that this mine project must pass the appropriate tests of public scrutiny. The A-J would be one of the largest mines in the country within walking distance of the Capitol, and use 18 tons per day of cyanide on the waterfront at Thane. The highest level of safety and health precautions must be in place to protect the citizens, existing industries and businesses, and the public health before the A-J is given ultimate permission to go forward. That time has not come yet. We urge you to let the evaluation process take its natural course, and to defer your judgment until the information has been provided to assess the full impacts of the A-J mine.

Because an enforcement order is in place, because there may be a correlation between the deaths of the fish and a mine discharge, because the city water system is at risk, and because there are many unanswered questions and problems about the A-J mine, we ask that Senate Concurrent Resolution 20 be withdrawn or not passed from committee at this time.

Sincerely,



Laurie Ferguson-Craig
Issues Coordinator



April 19, 1994

FAX MESSAGE TO SENATORS MILLER, FRANK, PEARCE, ZHAROFF, ADAMS & DONLEY

We urge you to support Senate Concurrent Resolution 20 introduced by Senator Robin Taylor.

The A-J mine is important to Southeast Alaska and they are very important to many of the small businesses in Southeast.

Please reconsider your decision to pull this bill. We ask that you support this project and pass this resolution through.

We are a small business that knows first hand that the AJ Mine buys locally and supports small business in Juneau and Southeast.

Thank you for your consideration.


Shorty & Evelyn Oliver
Owners

ADVERTISING SPECIALTIES

April 18, 1994

Senator Miller
Alaska State Legislature

I urge you to stand up for what you believe to be best for the economic well-being of Juneau and for the whole State. Throw your support behind the A-J Mine project. We have just lost a huge chunk of the SE Alaska economy with the cancelation of APC's long-term timber contract. Don't let a vocal minority chide you into heaping more economic misery on our community and State.

When Senate Concurrent Resolution 20 comes before committee again, pass it. Stand up and say that you are for a stable economy that supports schools and other public services. A no vote will be a vote for unemployment, poverty, welfare and no hope for thousands of people that the A-J Mine could employ.

Make sure that you can sleep knowing you did the right thing.

Don Gentry
Cube Cove

Alaska State Legislature

Sen. Robin Taylor, *Chair*
Sen. Rick Halford, *Vice Chair*
Sen. George Jacko, *Member*
Sen. Dave Donley, *Member*
Sen. Suzanne Little, *Member*



State Capitol
Juneau, AK 99801-1182
.....
907 465-3717
Fax: 907 465-3922

Senate Judiciary Committee

SPONSOR STATEMENT

SCR 20; supporting the reopening and development of the Alaska-Juneau mine.

This resolution would express to various state and federal agencies the legislature's support for reopening the Alaska-Juneau Mine.

It my belief that the silent majority of people in the Juneau area support the A-J's reopening. I think that it is appropriate that the legislature should add it's support through this resolution.

Echo Bay Alaska, Incorporated obviously thinks this mine is viable, they have invested millions of dollars in the mine and are committed to this venture.

With state revenues shrinking, there is a need to broaden the employment and economic base in Juneau and Alaska. The A-J mine is the only possible resource based industry outside of fishing that would contribute to the town's well being in this time of diminished oil revenue.

With these factors in mind, I urge the committee's favorable consideration of this resolution so these agencies will know of the legislature's support for this mine.

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. SCR 20

Revision Date: May 5, 1994 Dept. Affected: None
 Title: Reopening Alaska-Juneau Mine BRU: n/a
 Component: n/a
 Sponsor: Senate Judiciary Committee
 Requestor: _____ COMPONENT SERIAL NO. ---

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL EXPENDITURES	-0-	-0-	-0-	-0-	-0-	-0-
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CHANGE IN REVENUES ()	-0-	-0-	-0-	-0-	-0-	-0-
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

Estimate of any current year (FY94) cost: \$ ---

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Senator Mike Miller
 Division: Senate Resources Committee
 Approved by: Chair
 Agency: Senate Resources Committee

Phone: 465-4907
 Date: May 5, 1994
 Date:

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5/4/94

CS FOR SENATE CONCURRENT RESOLUTION NO. 20(RES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

EIGHTEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE RESOURCES COMMITTEE

**Offered:
Referred:**

Sponsor(s): SENATE JUDICIARY COMMITTEE

A RESOLUTION

1 **Supporting the reopening and development of the Alaska-Juneau Mine.**

2 **BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

3 **WHEREAS** the Alaska-Juneau Mine (A-J Mine) was one of the world's great gold
4 mines until it was closed by World War II; and

5 **WHEREAS** efforts are underway to reopen the A-J Mine and restore it to its status
6 as one of the world's great gold mines; and

7 **WHEREAS** a majority of the people of the City and Borough of Juneau support the
8 efforts to reopen the A-J Mine; and

9 **WHEREAS** the A-J Mine will represent a significant step toward private economic
10 development in the State of Alaska; and

11 **WHEREAS** the A-J Mine promises to reduce the dependence of the City and Borough
12 of Juneau on government employment at a time when revenues are declining; and

13 **WHEREAS** the A-J Mine promises major economic benefits to the state in increased
14 private sector employment and in increased purchases of goods and services in the City and
15 Borough of Juneau and throughout Southeastern Alaska;

16 **BE IT RESOLVED** that the Alaska State Legislature supports the reopening and

1 development of the Alaska-Juneau Mine.

2 **COPIES** of this resolution shall be sent to the City and Borough of Juneau, the United
3 States Environmental Protection Agency, the Alaska Department of Environmental
4 Conservation, and the Alaska Department of Natural Resources.